

Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Defined Benefit Pension Retirement Systems

Issued under authority of Public Act 202 of 2017.

I. MUNICIPALITY INFORMATION

Local Unit Name: Henika District Library Six-Digit Muni Code: 038002

Defined Benefit Pension System Name: MERS

Contact Name (Administrative Officer): Nicole Gray

Title if not Administrative Officer: Director

Email: wayng@llcoop.org Telephone: (269) 792-2891

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annually required contribution (ARC) for all of the defined benefit pension retirement systems of the local unit of government is greater than 10% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of PA 202 of 2017 (the Act), this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.*** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the defined benefit pension systems will be less than 10% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System)

Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan, a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Closing the current defined benefit plan.
- (ii) Implementing a multiplier limit.
- (iii) Reducing or eliminating new accrued benefits.
- (iv) Implementing final average compensation standards.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTIONS OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

- ☐ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: *The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System** on **January 1, 2017**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2020**.*

- ☐ **Additional Funding** – Additional funding may include the following: Voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System** on **January 1, 2017**. This lump sum payment was in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2025**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**.*

- ☒ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **62%** as indicated on page **13**.*

We did not receive the information about Form 5572 because it went to the email of an employee that no longer worked at Henika District Library. The Interim Director did not know to submit Form 5572, and the new director arrived after it should have been submitted. We have filled out Form 5572 with the actuarial information for 2017, and it shows that we are 102.2% funded, and thus would not have triggered being underfunded had the form been submitted

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the additional actions the local government is planning to implement to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

- ☐ **System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

Sample Statement: Beginning with **summer 2018** contract negotiations, the local unit will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page 8 of the attached actuarial supplemental valuation, it shows our funded ratio would be **60%** funded by **fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019**.

- ☐ **Additional Funding** – Additional funding may include the following: voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: Beginning in **fiscal year 2019**, the local unit will provide a lump sum payment of **\$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2025**. Please see page 10 of the attached enacted budget, which highlights this contribution of **\$1 million**. Please see page 12 of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.

- ☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62%** by **2022** as shown in the attached actuarial analysis on page 13.

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) Henika District Library to make, at a minimum, the annual required contribution payment for the defined benefit pension system according to your long-term budget forecast?

☒ Yes

☐ No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this Corrective Action Plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention

Type of Document

☒ Attachment – 1

This Corrective Action Plan Form (Required)

☒ Attachment – 1a

Documentation from the governing body approving this Corrective Action Plan (Required)

☒ Attachment – 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 10% of governmental fund revenues, as defined by the Act. (Required)

☐ Attachment – 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

☐ Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

☐ Attachment – 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

☒ Attachment – 6a

Other documentation not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the [Corrective Action Plan Development: Best Practices and Strategies](#) document.

Corrective Action Plan Criteria

Description

☒ Underfunded Status

Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all pension systems will be less than 10 percent of governmental fund revenues?

☒ Reasonable Timeframe

Do the corrective actions address the underfunded status in a reasonable timeframe ([see CAP criteria issued by the Board](#))?

☒ Legal and Feasible

Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?

☒ Affordability

Do the corrective action(s) listed allow the local unit to make the annual required contribution payment for the pension system now and into the future without additional changes to this corrective action plan?

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I Nicole Gray, as the government's administrative officer (*enter title*) Director (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

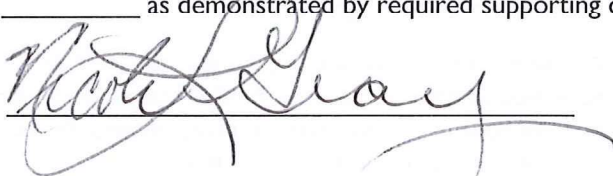
I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

☒ The Henika District Library (**Insert Retirement Pension System Name**) will achieve a funded status of at least 60% by Fiscal Year 2017 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

☐ The ARC for all of the defined benefit pension retirement systems of _____ (**Insert local unit name**) will be less than 10% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature



Date 06/29/2019

**Henika District Library
Meeting Minutes-June 13th, 2019**

Meeting Called to order: 6:00 p.m. by President Teresa Fulk

Members Present: Janel Hott, Joshua Wright, Gary Marsh, Ann McInerney, Amy Huyck, Teresa Fulk

Members Absent: Danielle Simmons, Maria Musgrave

Staff Present: Nicole Gray

Community/Guests Present: Melanie Suk (Friends of Library President)

Approval of Agenda motion by McInerney Second by Marsh

Approval of May 2019 Meeting Minutes First by McInerney,
Second by Wright

Friends of Henika Library Report:

- Book Sale Report: Next Book sale starts on July 20th.
- Cards for a Cause fundraiser raised \$240.00.
- Second year in a row Chamber Charity of Choice. So honored!
- Summer reading kick off on June 1st was a big success.
- August 2nd Golf Tournament
- October-Expo
- Board Member position opening.
- Working on redecorating ideas for the front entry way!

Financial Reports:

- Clarification question from May meeting-What is Transcend?
Response by Gray: It is the libraries health insurance company.

Directors Report: (We discussed the following topics)

- So many fun things going on around the library with Summer Reading in full swing.
- Purchased printer outright at the cost of \$900.00.

Old Business:

- Needle Disposal drop off site-Not a topic of conversation any longer as the police had moved on and found somewhere else. (Northern Physical Therapy)

New Business: Topics Discussed and Voted on.

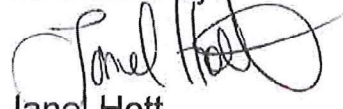
- Form 5572 Approved the correction action plan and waiver. Hott moved and Wright second.

Around the Table:

- Wright-Appreciates Melanie and how she aims high and also Teresa for her work as Board President.
- Huyck-Sorry to see Trustee Hott leave and also praised the staff for work well done.
- McInerney-Thanked everyone and also was spreading the word about the open township position.
- Marsh-brought up scheduling a budget planning meeting (set up for July)
- Fulk-Announced that she will also not be renewing her contract and looking for a replacement.

Meeting Adjourned: 6:30 p.m.

Submitted by:

A handwritten signature in black ink, appearing to read "Janel Hott", written over a horizontal line.

Janel Hott

Henika District Library Secretary

2a

Henika District Library
Allegan County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Henika District Library's (the Library) financial performance provides a narrative overview of the Library's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the Library's financial statements.

FINANCIAL HIGHLIGHTS

- The Library's total net position increased by \$79,206 (10 percent) as a result of this year's activities.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$502,632, which represents 172 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Library's annual report is comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Library:

- The government-wide financial statements provide both long-term and short-term information about the Library's overall financial status.
- The fund financial statements focus on individual parts of the Library government, reporting the Library's operations in more detail than the government-wide financial statements.
 - Governmental fund statements explain how general government services, like recreation and culture, were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the government wide financial statements for 2017 and 2016 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Library's net position and how it has changed. Net position (the difference between the Library's assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is one way to measure the Library's financial health, or position.

- Over time, increases or decreases in the Library's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Library, you need to consider additional nonfinancial factors, such as changes in the Library's property tax base and the condition of the Library's capital assets.

The government-wide financial statements present governmental activities. The Library's basic service, recreation and culture, is included here. Property taxes and penal fines finance these activities.

Fund financial statements

The accounts of the Library are organized on the basis of a fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library's lone fund is its General Fund. This fund accounts for the expenses involved in providing services to the Library's patrons, with the majority of funding coming from property taxes and penal fines to cover the costs of operation. This fund uses the modified accrual basis of accounting.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**Net position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the end of the fiscal year by \$908,838. The Library's investment in capital assets (e.g., buildings, equipment, and materials), a component of the total net position, amounted \$307,448. The Library uses these capital assets to provide essential services to its customers; consequently, these assets are not available to be liquidated for future spending needs. Net position, in the amount of \$601,390, is unrestricted. Unrestricted net position is the portion of net position that can be used to finance day-to-day operations, without constraints by debt covenants, enabling legislation, or other legal requirements.

Schedule 1 - Net position

	<i>Governmental activities</i>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 896,399	\$ 810,302
Capital assets	<u>307,448</u>	<u>312,327</u>
Total assets	<u>1,203,847</u>	<u>1,122,629</u>
Deferred outflows of resources	<u>20,140</u>	<u>49,711</u>
Current and other liabilities	<u>10,494</u>	<u>58,824</u>
Deferred inflows of resources	<u>304,655</u>	<u>283,884</u>
Net position:		
Investment in capital assets	307,448	312,327
Unrestricted	<u>601,390</u>	<u>517,305</u>
Total net position	<u>\$ 908,838</u>	<u>\$ 829,632</u>

Changes in net position

The net position of the Library's governmental activities increased by \$79,206 during the current fiscal year compared to an increase of \$30,520 in the prior year. Net position increased in both years, as revenues were sufficient to cover all expenses. The increase in net position in the current year was lower than the prior year, as revenues increased by \$36,172 and expenses decreased by \$12,514.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Library's total revenues in the current year were \$373,044. About 76 percent of the Library's revenues comes from property taxes, while approximately 13 percent comes from penal fines. The increase in revenues was primarily due to a \$21,373 increase in property taxes, as taxable values have been rising.

The total cost of the Library's operations amounted to \$293,838 in the current year compared to \$306,352 in the prior year, or a decrease of \$12,514, or 4 percent. Recreation and culture costs decreased due to lower personnel costs, including a \$24,655 decrease in pension expense.

Schedule 2 - Changes in net position

	<u>Governmental activities</u>	
	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 12,891	\$ 13,698
Penal fines	48,012	50,253
Operating contributions	19,671	2,100
General revenues:		
Property taxes	285,224	263,851
State aid	4,667	4,666
Investment return	<u>2,579</u>	<u>2,304</u>
Total revenues	373,044	336,872
Recreation and culture	<u>293,838</u>	<u>306,352</u>
Changes in net position	\$ <u>79,206</u>	\$ <u>30,520</u>
Net position, end of year	\$ <u>908,838</u>	\$ <u>829,632</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**General Fund budgetary highlights**

There were no budget amendments during the year. Actual revenues were \$36,744 more than budgeted, as all revenue categories were greater than expected. Total actual expenditures were \$43,866 less than budgeted, primarily because salaries and capital outlay were \$9,758 and \$14,386 less than anticipated, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Library's investment in capital assets for its governmental activities as of December 31, 2017, amounted to \$307,448 (net of accumulated depreciation). This investment includes assets consisting of land, building, equipment, and materials.

The major capital asset event, during the fiscal year, involved the purchase of books for \$25,503 and \$4,847 for the purchase of a new security system.

More detailed information about the Library's capital assets is presented in Note 5 of the basic financial statements.

Debt

The Library had no long-term debt at the beginning or end of the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Library continues to rely on property tax and penal fine revenues to finance all operating costs and capital acquisitions.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Library's finances to its customers and creditors and to demonstrate the Library's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Molly Walker, Director
Henika District Library
149 South Main Street
Wayland, MI 49348

Phone: (269) 792-2891

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2017

ASSETS

Current assets:

Cash	\$ 604,682
Prepays	1,700
Receivables	<u>280,832</u>

Total current assets 887,214

Noncurrent assets:

Net pension asset	9,185
Capital assets not being depreciated - land	136,167
Capital assets, net of accumulated depreciation	<u>171,281</u>

Total noncurrent assets 316,633

Total assets 1,203,847

DEFERRED OUTFLOWS OF RESOURCES

Pension 20,140

LIABILITIES

Current liabilities:

Accounts payable 10,494

DEFERRED INFLOWS OF RESOURCES

Property tax revenues levied for the subsequent year 277,388

Pension 27,267

Total deferred inflows of resources 304,655

NET POSITION

Investment in capital assets 307,448

Unrestricted 601,390

Total net position \$ 908,838

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

PROGRAM EXPENSES

Recreation and culture:

Library services	\$ 258,609
Depreciation	<u>35,229</u>

Total program expenses 293,838

PROGRAM REVENUES

Charges for services	12,891
Operating grants and contributions	<u>19,671</u>

Total program revenues 32,562

Net program expenses (261,276)

GENERAL REVENUES

Property taxes	285,224
State grants	4,667
Investment return	2,579
District court penal fines	<u>48,012</u>

Total general revenues 340,482

CHANGE IN NET POSITION 79,206

NET POSITION - BEGINNING 829,632

NET POSITION - ENDING \$ 908,838

See notes to financial statements

GOVERNMENTAL FUND BALANCE SHEET

December 31, 2017

	<i>General</i>
ASSETS	
Cash	\$ 604,682
Receivables	<u>280,832</u>
Total assets	<u>\$ 885,514</u>
LIABILITIES AND FUND BALANCES	
Accounts payable	\$ 2,074
Accrued payroll	<u>8,420</u>
Total liabilities	<u>10,494</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenues levied for the subsequent year	277,388
FUND BALANCES	
Assigned:	
Children's programs	50,000
Author series program	45,000
Unassigned	<u>502,632</u>
Total fund balances	<u>597,632</u>
Total liabilities and fund balances	<u>\$ 885,514</u>
Reconciliation of the balance sheet to the statement of net position:	
Total fund balance	\$ 597,632
Amounts reported in the statement of net position (page 9) are different because:	
Add capital assets	307,448
Add prepaid expenses	1,700
Items related to the Library's defined benefit pension plan are not reported in the funds:	
Deferred outflows of resources	20,140
Deferred inflows of resources	(27,267)
Net pension (liability) asset	<u>9,185</u>
Total net position	<u>\$ 908,838</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year ended December 31, 2017

	<u>General</u>
REVENUES	
Property taxes	\$ 285,224
State grants	12,915
Charges for services	11,576
Fines and forfeitures	48,012
Investment return	2,579
Contributions	11,423
Other	<u>1,315</u>
Total revenues	<u>373,044</u>
EXPENDITURES	
Current - recreation and culture	281,820
Capital outlay	<u>10,614</u>
Total expenditures	<u>292,434</u>
NET CHANGE IN FUND BALANCE	80,610
FUND BALANCE - BEGINNING	<u>517,022</u>
FUND BALANCE - ENDING	<u><u>\$ 597,632</u></u>
Reconciliation of the statement of revenues, expenditures, and change in fund balance to the statement of activities:	
Change in fund balance	\$ 80,610
Capital assets:	
Assets acquired	30,350
Provision for depreciation	(35,229)
Changes in other assets/liabilities:	
Increase in prepaid expenses	100
Decrease in net pension (liability) asset	59,633
Decrease in deferred inflows of resources - pension	(29,571)
Increase in deferred outflows of resources - pension	<u>(26,687)</u>
Change in net position	<u><u>\$ 79,206</u></u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Henika District Library (the Library) conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Library (located in Allegan County), as management has determined that there are no other entities (including the Friends of the Henika District Library discussed below) for which the Library is financially accountable.

The Friends of the Henika District Library (the Friends) is an organization that provides support to the Library through book sales and other fundraising events. During the year ended December 31, 2017, the Friends did not make any contributions to the Library to be spent on library materials or program expenditures and does not hold significant assets for the benefit of the Library.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Library. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Library generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Library.

The Library reports a single major governmental fund, its General Fund. This fund accounts for all financial resources of the Library.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity:

Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables - All trade and property tax receivables are considered to be fully collectible.

Prepays - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

Capital assets - Capital assets, which include property, equipment, and library materials, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 20 years
Materials	5 - 10 years

Deferred outflows of resources - The statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expense will not be recognized until a future event occurs. The Library's deferred outflows of resources relate to the defined benefit pension plan, which is discussed in Note 8. No deferred outflows of resources affect the General Fund's financial statements in the current year.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenue will not be recognized until a future event occurs. The Library has two items that are included in this category: property tax revenue and deferred amounts relating to the defined benefit pension plan. Property tax revenue, in the governmental fund, which is levied to finance the following period's expenditures, is deferred and recognized as an inflow of resources in the period that it was intended to finance. The deferred amounts relating to the pension plan are discussed in Note 8.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Library and its defined pension plan share the same year-end date. Accordingly, the Library has elected to measure its net pension liability as of the prior December 31.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity (continued):

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Library reports three categories of net position, as follows: (1) *Investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Library's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Library.

Net position flow assumption - Sometimes, the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - The General Fund reports restricted fund balance when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Library Board has the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. When the Library incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Library's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Library's 2016 ad valorem taxes were levied on December 1, 2016, it is the Library's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Library's General Fund. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. There were no reportable budget variances in the current year.

NOTES TO FINANCIAL STATEMENTS**NOTE 3 - CASH**

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Library's investment policy authorize the Library to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Library's deposits are in accordance with statutory authority. At December 31, 2017, the Library had deposits with a carrying amount of \$604,682.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Library will not be able to recover its deposits. The Library's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2017, \$167,984 of the Library's bank balances of \$615,066 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables (all of which are due within one year) as of December 31, 2017, for the Library's General Fund, were as follows:

Taxes	\$ 277,388
Intergovernmental	<u>3,444</u>
Total	<u>\$ 280,832</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets not being depreciated - land	<u>\$ 136,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,167</u>
Capital assets being depreciated:				
Buildings	40,706	-	-	40,706
Furniture and equipment	41,587	4,847	-	46,434
Books and a/v material	<u>322,474</u>	<u>25,503</u>	<u>(35,588)</u>	<u>312,389</u>
Subtotal	<u>404,767</u>	<u>30,350</u>	<u>(35,588)</u>	<u>399,529</u>
Less accumulated depreciation for:				
Buildings	(14,555)	(1,097)	-	(15,652)
Furniture and equipment	(36,102)	(2,615)	-	(38,717)
Books and a/v material	<u>(177,950)</u>	<u>(31,517)</u>	<u>35,588</u>	<u>(173,879)</u>
Subtotal	<u>(228,607)</u>	<u>(35,229)</u>	<u>35,588</u>	<u>(228,248)</u>
Total capital assets being depreciated, net	<u>176,160</u>	<u>(4,879)</u>	<u>-</u>	<u>171,281</u>
Capital assets, net	<u>\$ 312,327</u>	<u>\$ (4,879)</u>	<u>\$ -</u>	<u>\$ 307,448</u>

NOTES TO FINANCIAL STATEMENTS**NOTE 6 - PAYABLES**

Payables as of December 31, 2017, for the Library's General Fund were as follows:

Accounts	\$ 2,074
Payroll taxes	5,180
Accrued payroll	<u>3,240</u>
Total	<u>\$ 10,494</u>

NOTE 7 - PROPERTY TAXES

The 2016 taxable valuation of the Library approximated \$219,171,000, on which ad valorem taxes levied, consisted of 1.3701 mills for operating purposes, raising approximately \$283,000 for operations after taxes were captured for the Wayland Downtown Development Authority. This amount is recognized in the fund financial statements as property tax revenue.

The 2017 taxable valuation of the Library approximated \$225,693,000, on which ad valorem taxes levied, consisted of 1.3701 mills for operating purposes, raising approximately \$285,000 for operations after taxes were captured for the Wayland Downtown Development Authority. This amount is recognized in the fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 8 - DEFINED BENEFIT PENSION PLAN*Plan description:*

The Library participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent, multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits provided:

The Library's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers the full-time employees of the Library. Retirement benefits for eligible employees are calculated as 2% of the employee's three-year final average compensation times the employee's years of service, with a maximum of 80% of final average compensation. Normal retirement age is 60, with early retirement at a reduced benefit at age 50, with 25 years of service, or age 55, with 15 years of service. Deferred retirement benefits vest after 6 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Covered employees are not required to contribute to the plan. An employee who leaves service may withdraw their contributions, plus any accumulated interest. Benefit terms, within the parameters of MERS, are established and amended by the authority of the Library Board.

Employees covered by benefit terms:

At the December 31, 2016, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	<u>1</u>
Total	<u>2</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions:

The Library is required to contribute amounts at least equal to an actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Covered employees are not required to contribute to the plan. For the fiscal year ended December 31, 2017, the Library contributed \$3,012 to the plan.

Net pension liability:

The Library's net pension liability reported at December 31, 2017, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2016. The total pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.75%	in the long term
Investment rate of return	7.75%	net of investment expense, including inflation

Mortality rates were based on a blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2015 Experience Study, which is the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following schedule:

<i>Asset class</i>	<i>Target allocation</i>	<i>Long-term expected real rate of return</i>
Global equity	57.50%	5.02%
Global fixed income	20.00%	2.18%
Real assets	12.50%	4.23%
Diversifying strategies	10.00%	6.56%

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate:

The discount rate used to measure the total pension liability is 8.00% for 2016. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability:

	<i>Increase (decrease)</i>		
	<i>Total pension liability</i>	<i>Plan fiduciary net position</i>	<i>Net pension (assets) liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2014	\$ 462,086	\$ 411,638	\$ 50,448
Changes for the year:			
Service cost	4,346	-	4,346
Interest	36,106	-	36,106
Difference in experience	(54,534)	-	(54,534)
Changes in assumptions	-	-	-
Employer contributions	-	645	(645)
Net investment income	-	45,812	(45,812)
Benefit payments, including refunds	(25,878)	(25,878)	-
Administrative expenses	-	(906)	906
Net changes	(39,960)	19,673	(59,633)
Balances at December 31, 2016	\$ 422,126	\$ 431,311	\$ (9,185)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Library, calculated using the discount rate of 8.00%, as well as what the Library's net pension liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate.

	<i>1% Decrease</i>	<i>Current Rate</i>	<i>1% Increase</i>
	<i>(7.00%)</i>	<i>(8.00%)</i>	<i>(9.00%)</i>
City's net pension liability	\$ 32,408	\$ (9,185)	\$ (45,131)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report, which can be found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due. Benefit payments are recognized as expense when due and payable in accordance with benefit terms.

NOTES TO FINANCIAL STATEMENTS**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions:

For the fiscal year ended December 31, 2017, the Library recognized pension revenue of \$363. At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between projected and actual earnings	\$ 17,128	\$ -
Difference between expected and actual experience	-	27,267
	17,128	27,267
Contributions made subsequent to the measurement date	3,012	-
Totals	<u>\$ 20,140</u>	<u>\$ 27,267</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2018	\$ 7,151	\$ 27,267
2019	7,152	-
2020	5,616	-
2021	(2,791)	-
	<u>\$ 17,128</u>	<u>\$ 27,267</u>

NOTE 9 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee medical claims, and employee injuries (workers' compensation). The Library has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2017

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 280,000	\$ 280,000	\$ 285,224	\$ 5,224
State grants	-	-	12,915	12,915
Charges for services	-	-	11,576	11,576
Fines and forfeitures	44,300	44,300	48,012	3,712
Interest income	-	-	2,579	2,579
Contributions	10,000	10,000	11,423	1,423
Other	2,000	2,000	1,315	(685)
Total revenues	336,300	336,300	373,044	36,744
EXPENDITURES				
Recreation and culture:				
Salaries and wages	150,000	150,000	140,242	9,758
Employee benefits	21,000	21,000	20,509	491
Payroll taxes	10,000	10,000	10,702	(702)
Adult and children materials	27,000	27,000	25,504	1,496
Professional services	9,000	9,000	9,986	(986)
Contracted services	40,000	40,000	34,279	5,721
Supplies	2,500	2,500	3,968	(1,468)
Insurance	6,000	6,000	3,319	2,681
Utilities	14,000	14,000	6,783	7,217
Building and equipment maintenance	2,500	2,500	2,993	(493)
Communications	5,000	5,000	4,381	619
Education and transportation	4,500	4,500	1,834	2,666
Advertising and publishing	700	700	555	145
Programs	5,000	5,000	10,343	(5,343)
Miscellaneous	14,100	14,100	6,422	7,678
Total recreation and culture	311,300	311,300	281,820	29,480
Capital outlay	25,000	25,000	10,614	14,386
Total expenditures	336,300	336,300	292,434	43,866
NET CHANGES IN FUND BALANCES	-	-	80,610	80,610
FUND BALANCES - BEGINNING	517,022	517,022	517,022	-
FUND BALANCES - ENDING	\$ 517,022	\$ 517,022	\$ 597,632	\$ 80,610

SCHEDULE OF CHANGES IN THE LIBRARY'S NET PENSION ASSET AND RELATED RATIOS*Last fiscal year only (schedule is built prospectively upon implementation of GASB 68)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost	\$ 4,346	\$ 4,261	\$ 3,993
Interest	36,106	34,491	32,964
Difference between expected and actual experience	(54,534)	(1,160)	-
Changes in assumptions	-	21,670	-
Benefit payments, including refunds	<u>(25,878)</u>	<u>(26,231)</u>	<u>(10,929)</u>
Net change in total pension liability	(39,960)	33,031	26,028
Total pension liability, beginning of year	<u>462,086</u>	<u>429,055</u>	<u>403,027</u>
Total pension liability, end of year	<u>\$ 422,126</u>	<u>\$ 462,086</u>	<u>\$ 429,055</u>
Plan fiduciary net position:			
Contributions - employer	\$ 645	\$ -	\$ -
Net investment income	45,812	(6,427)	27,307
Benefit payments, including refunds	(25,878)	(26,231)	(10,929)
Administrative expenses	<u>(906)</u>	<u>(956)</u>	<u>(1,004)</u>
Net change in plan fiduciary net position	19,673	(33,614)	15,374
Plan fiduciary net position, beginning of year	<u>411,638</u>	<u>445,252</u>	<u>429,878</u>
Plan fiduciary net position, end of year	<u>\$ 431,311</u>	<u>\$ 411,638</u>	<u>\$ 445,252</u>
Library's net pension (asset) liability, end of year	<u>\$ (9,185)</u>	<u>\$ 50,448</u>	<u>\$ (16,197)</u>
Plan fiduciary net position as a percent of total pension liability	102.18%	89.08%	103.78%
Covered employee payroll	\$ 38,389	\$ 38,705	\$ 62,502
Library's net pension liability as a percentage of covered employee payroll	-23.93%	130.34%	-25.91%

SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS

Last ten fiscal years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contributions	\$ 3,012	\$ 645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,596	\$ 1,696	\$ 3,047
Contributions in relation to the actuarially determined contributions	3,012	645	-	-	-	-	-	2,596	1,696	3,047
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 38,389	\$ 38,705	\$ 38,705	\$ 62,502	\$ 90,371	\$ 55,190	\$ 86,418	\$ 88,921	\$ 87,421	\$ 84,630
Contributions as a percentage of covered payroll	7.85%	1.67%	0.00%	0.00%	0.00%	0.00%	0.00%	2.92%	1.94%	3.60%

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial costs method

Entry-age normal cost

Amortization method

Level percentage of pay, open

Remaining amortization period

22 years

Asset valuation method

5-year smoothed market

Inflation

2.50%

Salary increases

3.75%

Investment rate of return

7.75%, net of investment and administrative expenses, including inflation

Retirement age

Normal retirement age is 60 years

Mortality

50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%

Public Act 202 of 2017 Pension Report

Enter Local Unit Name	Henika District Library
Enter Six-Digit Municode	038002
Unit Type	Library
Fiscal Year (four-digit year only, e.g. 2017)	2017
Contact Name (Chief Administrative Officer)	Nicole Gray
Title if not CAO	Director
CAO (or designee) Email Address	wavg@henikalibrary.org
Contact Telephone Number	269-792-2891

Instructions/Questions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting. For questions, please email LocalRetirementReporting@michigan.gov. **Return this original Excel file. Do not submit a scanned image or PDF.**

Pension System Name (not division) 1	MERS
Pension System Name (not division) 2	
Pension System Name (not division) 3	
Pension System Name (not division) 4	
Pension System Name (not division) 5	

If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.

Line	Description	Source of Data	Statute Reference	System 1	System 2	System 3	System 4	System 5
1	Provide the name of your retirement pension system	Most Recent Actuarial Valuation Report	Sec. 5(6)	MERS				
2	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	Sec. 5(4)(b)	\$431,311				
3	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	Sec. 5(4)(b)	\$422,126				
4	Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2016)	Most Recent Audit Report	Sec. 5(6)	12/31/17				
5	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	Sec. 5(4)(b)	\$3,012				
6	Governmental Fund Revenues	Most Recent Audit Report	Sec. 5(4)(b)	\$373,044				
7	Pension Trigger Summary							
8	Is this unit a primary unit (County, Township, City, Village)?	From Municode		NO	NO	NO	NO	NO
9	Funded ratio	Calculated		102.2%	0.0%	0.0%	0.0%	0.0%
10	All systems combined ADC/Governmental fund revenues	Calculated		0.8%	0.0%	0.0%	0.0%	0.0%
11	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary units trigger: Less than 60% funded AND greater than 10% ADC/Governmental fund revenues. Non-Primary units trigger: Less than 60% funded	Sec. 5(4)(b)	NO	NO	NO	NO	NO

By emailing this report to the Michigan Department of Treasury, the local unit of government acknowledges that this report is complete and accurate in all known respects. Act 202 of 2017 also requires the local unit of government to electronically submit the report to its governing body.